
Building an Economic Community: the European Experience

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European integration and its success in transforming Europe's political and economic landscape have provided a model and inspiration to other regions in the world, notably Asia. The European Economic Community and later the European Union, in turn, always took an active interest in, indeed, supported Asian efforts at integration, as witnessed in particular by establishing a link through the ASEM summits.

Many Asians who, in their attempt to build a community in Asia, were inspired by Europe's example, now wonder about the implications of the rejection of the Constitutional Treaty in the French and Dutch referenda and what it could mean for their own undertaking. By the same token, many Europeans who are sympathetic to the Asian efforts at community building have been observing the rise of nationalism and tensions, notably in East Asia with concern, and wonder whether and how it might negatively affect the process of economic integration and community building in an area increasingly important to the global economy and world peace.

It is therefore an opportune moment to review the roots, operating conditions and prospects of Community building in Europe and draw some comparisons with the Asian efforts, even though some may be more implicit than explicit.

Overcoming a Heritage of Conflict

When, after having caused the death of millions and immeasurable destruction all over Europe, World War II finally ended, Europeans in the Western half of the Continent concluded that making peace was not enough; the endless cycle of wars among peoples culturally and geographically so close to each other had to be stopped once and for all by putting relations among the nations of Europe on a radically different footing. By common consensus everything was to be done to avoid a repetition of the past.

Translated into policies, the approach was based on three premises: First, that every nation must honestly, credibly and openly face its own failures and wrongdoings in the shared disasters of the past; second, that a clear distinction was always to be made between those responsible for the misdeeds and the nation they came from; thus the European Resistance during World War II clearly distinguished between the Nazis they opposed and the Germans in general, thereby creating the basis for later making Germany a partner in building a European Community. Third, a clear distinction was always to be made between guilt and responsibility in dealing with one another. Those who were guilty - mostly dead or in prison and in any case no longer in power - were not to be confused with those who were responsible for

adequately dealing with the consequences, i.e. the surviving generation determined to create a better Europe. The younger Germans were not guilty of the misdeeds of their fathers but were responsible for doing the right thing to avoid a repetition of the past.

In Europe the reconciliation between France and Germany, two countries who fought each other for centuries, and the manner they faced the past no doubt set an example for other countries. The reconciliation between Germany and Poland that followed, was infinitely more difficult because of the enormous suffering of Poles under German occupation, the loss of formerly German territory to Poland, and the millions of Germans expelled from their homes in the East.

At times facing the past was done jointly, for example by having joint commissions of historians to review history and school books. It was essential that initiatives undertaken by governments and elites to apologize for past misdeeds be credible, endorsed by their societies and supported by demonstrative acts asking for forgiveness and expressing empathy for the suffering of victims, such as Willy Brandt's kneeling in the Warsaw Ghetto or Polish President Jaruzelski's expression of understanding for the suffering of the German expellees.

Whenever such acts addressing the past occurred they had a striking effect, liberating the atmosphere and removing previous obstacles to an improvement of relations between these countries to an extent which often surprised even the promoters of these acts.

It may be understandable that to some facing and admitting historical facts is painful, but it is hard to understand why the honor and memory of people long dead is more important to some than the future of the living and their chance to exist in an environment of prosperity and peace. Europeans sincerely hope that in dealing with past and present China, Japan and Korea follow a path similar to that of France, Germany, and Poland in Europe.

Combating Nationalism

Europe became what it is today because of the way it applied the lessons from the past, most importantly by combating nationalism. Though there was nationalistic behavior by governments and groups throughout the post war period, nevertheless, a sort of consensus among government and societal elites existed that chauvinism, the demonization of certain countries, and promulgation of prejudice against other countries, having been the root cause of Europe's tragedies, had to be actively resisted. As French President Francois Mitterand put it in his farewell speech to the European Parliament: "Le chauvinisme c'est la guerre!" Chauvinism means war!

It is bad enough when nationalism occurs within societies - and the freedom of expression in democracies can, of course, be exploited by such forces - but is worse when governments use or revive nationalism, often unleashing uncontrollable developments. In the mistaken belief that this will heighten their prestige and domestic standing, they are blind to the long term cost, the undermining or, indeed, the possibility of losing all that has been achieved in decades of hard work through conflict.

Combating nationalism and nationalistic prejudice required the contribution of governments and society, of NGO's, business and intellectual elites, in particular of those who co-operated transnationally. In this respect Asia is not different from Europe, and the work of the PECC is as important as was and still is the European Movement in Europe.

The Monnet Method

Europe's community building owes much of its success to Jean Monnet's central thesis that under conditions of the modern, interventionist welfare state any success in economic integration both requires and leads to political integration. The removal of barriers to economic interaction necessitates coordination or harmonization of certain policies as well as common institutions.

Monnet and the leading politicians of the time combined his method of community building with a focus on coal and steel as having been the sectors central to prepare for and conduct war. Integration, of course, moved on from there to encompass sectors Monnet could not even imagine. Founded on the basic consensus over how best to overcome its past, European economic integration and community building spread into ever expanding fields and allowed for the inclusion of new members until the process was abruptly interrupted by the French and Dutch referenda this year.

In the meantime the economies of Europe and the world have evolved dramatically with the revolutions in technology. Today community building is no longer built primarily on coal and steel, though they remain important sectors, but on the transnational interaction of firms, investment and trade links, division of labor and outsourcing, informational connection through the internet, exchange of know how, multinational firms etc, that is on what we now call globalization. Under present conditions economic interdependence is the indispensable precondition and backbone of community building. This is true for both the Europe of today and the East Asian Community in the making.

Conflict and Globalization

The thesis has sometimes been advanced that a high degree of economic interdependence and integration make war less probable. But skeptics point to the outbreak of World War I in 1914 when the European economy had reached its then highest degree of interaction. However, today's interdependence and interconnection among countries through investment, outsourcing, high foreign trade ratios, currency reserves, multinational networks of production etc, whether inside Europe and East Asia or between the US and Asia, are so intensive and of such existential importance to each country that war becomes even more disruptive, costly, and anachronistic than it was in the early twentieth century or in the 1950's. On the other hand, human folly and chauvinism are often capable of drowning all rationality, as the Europeans had to admit to themselves when they once again faced the irretrievable losses of yet another war in 1945. Hopefully this will not be forgotten in Europe or Asia whenever nationalism reappears.

Cold War, Terrorism and the US Role

Besides its historical roots and economic motives, European community building owes a great deal to the outbreak of the Cold War in the late 1940's. The East West conflict and the challenge of Soviet power and Communist ideology accelerated the process of overcoming old rivalries and of growing together. The external challenge repeatedly helped to contain internal conflicts which could otherwise have threatened community building.

Today's threat of terrorism, notably in connection with weapons of mass destruction and failed states, is no doubt the greatest security challenge to the EU. Nevertheless it has not yet had the same integrating effect as the Soviet threat. Moreover, the transnational nature of the challenge requires an intensive transnational cooperation which transcends the geographic confines of Europe. Nevertheless, as terrorism strikes in Europe and Europeans realize that their open systems are particularly vulnerable, attitudes and policies are changing, and increasingly the EU seeks to integrate the fight against terrorism in its evolving security strategy and *raison d'etre*.

The United States supported European community building throughout its formation, using a variety of instruments ranging from conditionality of aid to assistance to pro-European political forces and diplomatic action at crucial moments. Of course, the common struggle against the Soviet Union was an important motive, but even more important was its enlightened self-interest in embedding the old European rivalries, notably the Franco-German one, in the community approach, and, by creating a stable structure of peace, in order to avoid being called in once again to end a European war as had happened three times previously.

Presumably the same motive could entice the US to support stability through actively backing community building in East Asia.

After the French and Dutch Referenda

The vote of the French and Dutch was not a vote against the European Union or a common future in a community, but, above all, it expressed a fear of the consequences of globalization - once considered a uniting force for the Europeans - and of immigration. These fears were recklessly exploited by extremist and populist parties which had nothing else in common and no positive program whatsoever.

The protagonists of the Treaty mistakenly assumed that as in earlier instances a document worked out by the elites would automatically be adopted by the population. By attaching the ambitious notion of "Constitution" to this project which it did not deserve, a complex compilation of 440 articles which both opponents and protagonists had rarely read, was rejected as an expression of disagreement both with various aspects of national policy and with politicians in power.

Nevertheless, the referenda have considerable implications both for the EU as an institution and for politics in the member countries. After the vote, as the Dutch Premier Balkenende put it, Europe no longer means "always more and further." Progress in integration has been temporarily stopped and will, once it resumes, proceed much more slowly. Enlargement is the first victim, considered anyhow by some, for example Helmut Schmidt, as "reckless" and endangering the Union's achievements. Bulgarian and Romanian membership will take longer than planned. Turkey's full membership, so ardently promoted by the US, is now highly improbable, though some form of special relationship is still possible. Membership for the Balkan countries, which the Stability Pact held out as a promise and inducement to democratic behavior, will take much longer, as will the case of countries like Ukraine who had hoped to join in the near future.

Equally important, the anti-globalization backlash in the vote, though not expressing a majority view, will make politicians more cautious on globalization, thus strengthening protectionist tendencies. The fear of

immigration and foreigners expressed in the vote will have a similar effect and not only slow down EU enlargement but strengthen those forces that want to restrict immigration despite Europe's obvious need to counteract its demographic trends at least partially with new immigrants.

However, the negative vote in France and the Netherlands should not detract from two simple facts: first, the EU is a functioning community based on a valid treaty, the Treaty of Nice. The EU continues to formulate and execute its policies including the integration of its new members. It conducts international negotiations and as in the past continues to implement European law, now 30-50% of all new law in Europe.

Second, this crisis, as all crises, can become a catalyst for review, adaptation and reform. The liberal vision of multiculturalism turns out to be unsustainable, and a new compromise between diversity and unity, between acceptable cultural autonomy and necessary integration will have to be sought. The vote has also sharpened the debate about the nature of Europe's model of a social market economy in the future: How can the increasingly unfinanceable welfare state be reformed in a way that retains essential elements of social solidarity while maintaining or restoring competitiveness and openness in an environment of globalization?

As a result of this vote, the European Union is likely to be forced to deal with some of its shortcomings. With some luck and good leadership the adoption of the new EU budget that failed in the first round might in the end generate some reform of its wasteful agricultural policy. Moreover, the EU Council might even do what it should have done in the first place and pragmatically adopt parts of the reform envisaged by the Constitutional Treaty, such as the creation of a European Foreign Minister and diplomatic service or the creation of a Presidency for several years to replace the present system of six month rotation.

Conclusion

European Community building, which began more than half a century ago, has made a major and constructive contribution to world history by restoring the democratic Western part of the Continent, by establishing peace and prosperity in this part of the world during the East West confrontation and by changing the nature of inter-state relations. The result has been a group of countries with reliable peace among them that is today one of the pillars of the international economy and of efforts to establish a minimum of order in a turbulent world.

The center of world politics and of the international economy is increasingly shifting toward Asia. What happens here will be ever more relevant to global stability and peace and thus gives Asia growing responsibilities. East Asian community building is now more necessary than ever for the sake of peace and prosperity in the region itself and the globe as a whole. All Europeans, indeed, the international community wholeheartedly hopes that this venture will be a resounding success.